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February 24, 2003

William A. Bonnet
Vice President
Government and Community Affairs

The Honorable Chairman and Members of the
Hawaii Public Utilities Commission
465 South King Street
Kekuanaoa Building, 1st Floor
Honolulu, Hawaii 96813

PUBLIC UTILITIES
COMMISSION

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Dear Commissioners:

Subject: HECO, HELCO and MECO
Net Energy Metering Status Report

HECO, HELCO, and MECO respectfully submits its Net Energy Metering Status Report, which provides the total number of installations and the total rated generating capacity of net metered customer facilities in each of its service territories.

If you have any questions on this matter, Please call Patsy Nanbu at 543-4702.

Sincerely,

Attachment

cc: Division of Consumer Advocacy

WINNER OF THE EDISON AWARD
FOR DISTINGUISHED INDUSTRY LEADERSHIP



Net Energy Metering Status Report

Hawaiian Electric Company, Inc.
Hawaii Electric Light Company, Inc.
Maui Electric Company, Limited

December 31, 2002

Act 272 of the 2001 Hawaii Legislature (codified as sections 269-101 to 269-111, Hawaii Revised Statutes) established that net energy metering (NEM) be available to eligible customers until the total rated generating capacity of eligible customers equals 0.5 percent of the electric utility's system peak demand. Hawaiian Electric Company, Inc. (HECO) and its neighbor island utility companies, Hawaii Electric Light Company, Inc. (HELCO) and Maui Electric Company, Limited (MECO), were among the supporters of this legislation.

The NEM law states that eligible customers who own and operate a solar, wind turbine, biomass, or hydroelectric energy generating facility, or a hybrid system consisting of two or more of these facilities, with a capacity of not more than 10 kilowatts, shall be credited at the retail rate (of the rate class the customer is normally assigned to) for electrical energy generated by the eligible customer and fed back to the electric grid. Over a monthly billing period, the difference (i.e., net) between the customer-generated electrical energy and the electrical energy supplied through the electric grid is determined. In essence, customers are able to "bank" the renewable energy they generate for later use. Excess kilowatt-hours generated during this period are retained by the utility unless the electric utility enters into a purchase agreement with the customer.

In response to the passage of Act 272, HECO, HELCO, and MECO completed implementation activities for NEM prior to the signing of Act 272 into law on June 25, 2001. This allowed HECO to implement the customer billing modification, a NEM Agreement, and a NEM Tariff on the same day the legislation was signed into law.

The following table provides the status of NEM in the HECO, HELCO, and MECO service territories as of December 31, 2001 and 2002.

| | Information packets sent | No. of Installations ¹ | Installed kW ² | 0.5% of System Peak ³ , kW |
|---------------|--------------------------|-----------------------------------|---------------------------|---------------------------------------|
| HECO | | | | |
| 2001 | 151 | 1 | 3.60 | 5,955 |
| 2002 | 12 | 1 | 2.10 | 6,020 |
| Total (HECO) | 163 | 2 | 5.70 | |
| HELCO | | | | |
| 2001 | 122 | 2 | 10.20 | 871 |
| 2002 | 25 | 3 | 4.73 | 890 |
| Total (HELCO) | 147 | 5 | 14.93 | |
| MECO | | | | |
| 2001 | 49 | 2 | 8.20 | 993 |
| 2002 | 19 | 5 | 9.30 | 1,006 |
| Total (MECO) | 68 | 7 | 17.50 | |
| TOTAL | 378 | 14 | 38.13 | |

¹ Completed systems (i.e., NEM Agreements completed).

² Installed kW reflects rated generating capacity installed in the year noted.

³ Based on Net System Peak for HECO, HELCO, and MECO-Maui and Gross System Peak for MECO-Molokai and MECO-Lanai.